

DECLASSIFIED
PA/HO Department of State
E.O. 12958, as amended
June 21, 2006

DECLASSIFIED

Authority **NND 969000**

By MB Date 04/09/02



PET 17 IRAN-US
Department of State TELECRAP

TELEGRAM

YR PET 6 IRAN
YR DEF 19-8 US-IRAN

~~SECRET~~ 544

PAGE 01 TEHRAN 04827 270952Z

11
ACTION SS-45

INFO OCT-01 1046 W

076690

R 270845Z NOV 69
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC 9799

S [REDACTED] TEHRAN 4827

EXDIS:

SUBJ: OIL

REF: STATE 197323

1. WHEN I CALLED ON SHAH LAST EVENING TO DISCUSS USG RESPONSE TO IRAN'S MILITARY REQUEST (STATE 197323), HE IMMEDIATELY OPENED CONVERSATION BY ASKING WHETHER THERE WAS ANYTHING I COULD TELL HIM RE IRAN OIL EXPORTS TO US. HE SAID HE HAD JUST RECEIVED TELEGRAM FROM IRAN EMBASSY WASHINGTON THAT SCHULTZ COMMITTEE WAS STUDYING TWO POSSIBILITIES: (A) INCREASE OF

RATIO OF OIL IMPORTS TO US DOMESTIC PRODUCTION FROM 12.2 PERCENT TO 20 PERCENT (B) DOING AWAY WITH IMPORT QUOTA AND REPLACING IT WITH IMPORT TAX OF 90 TO 95 CENTS PER BARREL. HE UNDERSTOOD THAT EITHER OF THESE COURSES WOULD RESULT IN SOME INCREASE IN OIL IMPORTS INTO US BUT WOULD NOT BENEFIT IRAN IN ANY SPECIAL WAY AND MIGHT EVEN BE DISADVANTAGEOUS TO IRAN SINCE OIL COMPANIES MIGHT BE DISPOSED TO ALLOCATE OIL TO LIBYA AND OTHER NON-PERSIAN GULF SOURCES. THIS, HE FELT, WOULD BE MOST INADEQUATE FOR IRAN IN VIEW IRAN'S STAUNCH SOLIDARITY WITH US AND WEST AND ITS UNIQUE OFFER TO SPEND 100 PERCENT OF OIL IMPORT REVENUES IN US IF IRAN WERE ALLOCATED OR RECEIVED SPECIAL CONSIDERATION. SURELY, HE SAID, THIS OFFER WHICH WOULD GREATLY BENEFIT OUR BALANCE OF PAYMENTS COUPLED WITH IRAN'S NEED FOR INCREASED OIL REVENUES TO EFFECTIVELY EXERCISE ITS STABILIZING INFLUENCE IN GULF AREA, WARRANTED SPECIAL CONSIDERATION. HE ADDED WITH

SARDONIC SMILE THAT SUBSTANTIAL PART OF MONEY US OIL COMPANIES PAID FOR KUWAIT, SAUDI AND LIBYAN OIL WENT TO EGYPT TO FINANCE

NOT TO BE REPRODUCED WITHOUT THE AUTHORIZATION OF THE EXECUTIVE SECRETARY

DECLASSIFIED

Authority **NND 969000**

By **CB** Date **04/09/02**



Department of State

TELEGRAM

~~SECRET~~

PAGE 02 TEHRAN 04827 270952Z

NASSER'S CAMPAIGN OF VILIFICATION OF THE US. IN A SENSE THIS REMINDED HIM OF POLICY OF AMERICAN COMMERCIAL INTEREST BEFORE PEARL HARBOR WHEN THEY EXPORTED TREMENDOUS AMOUNTS OF SCRAP IRON TO JAPAN ONLY TO HAVE IT RETURNED IN FINISHED FORM AT PEARL HARBOR AND FOR FOUR LONG YEARS IN THE PACIFIC.

2. HE SAID HE WAS STILL HUNTING ON SOME SPECIAL ARRANGEMENT FOR IRAN IN LIGHT OF "PRESIDENT NIXON'S DEEP UNDERSTANDING OF IRAN'S NEED FOR ADDITIONAL OIL REVENUES" TO EXERCISE STABILIZING INFLUENCE IN GULF AND MIDDLE EAST AND SINCE DURING HIS RECENT WASHINGTON VISIT PRESIDENT HAD IN HIS PRESENCE INSTRUCTED ONE OF HIS ASSISTANTS, FLANAGAN HE THOUGHT IT WAS, TO TELL US OIL COMPANIES IT WAS IN US NATIONAL INTEREST TO PURCHASE MORE IRANIAN OIL AND ALSO TO MAKE THIS POINT TO US MEMBERS OF OIL CONSORTIUM.

3. HE CONCLUDED BY SAYING HE FULLY UNDERSTOOD PRESIDENT WAS NOT IN A POSITION TO GIVE HIM ANY WORD UNTIL HE HAD RECEIVED AND STUDIED THE SCHULTZ COMMITTEE REPORT BUT HE DID WISH THE PRESIDENT TO KNOW THAT HE WAS COUNTING ON HIS WARM FRIENDSHIP AND UNDERSTANDING TO FIND SOME MEANS OF HELPING TO MEET IRAN'S PROBLEM.

GP-3

MACARTHUR

~~SECRET~~

PRODUCED WITHOUT THE AUTHORIZATION OF THE EXECUTIVE SECRETARY

EXDIS
EXDIS
EXDIS
EXDIS
EXDIS